GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1420
ANSWERED ON:03.03.2006
PROPOSALS FROM THE SOUTH
Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government have received several proposals from Andhra Pradesh, Tamil Nadu, Karnataka and Kerala to reduce their debt servicing burden;

(b) if so, the total debt position of these States as on date; (

(c) the steps Union Government proposes to take to help the State Governments in the debt servicing; and

(d) by what time final decision in this regard is likely to be taken?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI. PAWAN KUMAR BANSAL)

(a): Government of India has received proposals from Governments of Andhra Pradesh, Tamil Nadu, Karnataka and Kerala under the `States Debt Consolidation and Relief Facility (2005-10)% formulated subsequent to acceptance of the recommendations of the Twelfth Finance Commission (TFC).

(b): The outstanding balance due from these States to Government of India, Ministry of Finance (MoF), as on 31.01.2006 is given below:

State	Rs.in crore
1. Andhra Pradesh	15,290.68
2. Karnataka	8,380.65
3. Kerala	5,109.56
4. Tasnil Nadu	6,059.11

(c): Government of India has accepted the recommendations of the TFC to consolidate the Central loans, disbursed by Ministry of Finance to States up to 31.3.2004 and outstanding as on 31.3.2005, resulting in reschedulement for a fresh term of 20 years (repayable in 20 equal installments) at lower interest rate of 7.5% p.a., subject to States enacting their Fiscal Responsibility and Budget Management Act with the laid down conditions. Besides, States may also avail the facility of a debt write-off scheme linked to the reduction of revenue deficit.

(d): On recommendation of the Central Monitoring Committee, Central loans (MoF) outstanding to Andhra Pradesh, Tamil Nadu, Karnataka and Kerala have been consolidated. The State Governments have been informed accordingly.